

5 Program Benefits and Compatibility

5.1 Community Benefits

Identify community benefits, including the economic impact the project will have on the Commonwealth and local community in terms of amount of tax revenue to be generated for the Commonwealth, the number jobs generated for Virginia residents and level of pay and fringe benefits of such jobs, the training opportunities for apprenticeships and other training programs generated by the project and the number and value of subcontracts generated for Virginia subcontractors.

The Virginia Business Modernization benefits the community by providing jobs, increasing economic activity, and enhancing government-to-citizen and government-to-business services.

When government works well, citizens benefit. The overarching goal of the Business Modernization Initiative is to transform government enterprise operations so that they perform optimally. As a result of the Initiative, citizens, Virginia businesses, and state government will receive both public service and economic benefits.

Better-managed governments can devote more resources to their public service missions. With the proposed improvements to business processes and consolidation of administrative systems and information technology, Commonwealth agencies and departments will benefit from an increase in available time and resources to devote to meeting agency missions. Coupling this with the cost recaptures and cost savings realized through the consolidation of administrative systems, business processes, and technology infrastructure, the Commonwealth may be able to reallocate funds and resources to service delivery.

As a result, citizens will benefit directly and indirectly from the Initiative. For example, businesses and citizens will directly benefit from the proposed enterprise customer relationship management, because they should find their dealings with government to be easier and more seamless. Additionally, each agency's increased ability to focus on serving the Commonwealth will directly or indirectly improve Virginians' quality of life. Finally, taxpayers will benefit because the new efficiencies may produce an overall lower total cost or wiser resource use in the running of state government.

While outsourcing administrative and IT functions might realize some of these benefits, we are not proposing such wholesale change. We believe that a traditional outsourcing strategy could result in an immediate negative economic impact on the Commonwealth. Therefore, instead of focusing on displacing employees and potentially contracting with outsourcing firms not located in the Commonwealth, the Initiative will enhance the economic activity throughout Virginia. As proposed, the consolidation of information systems and development of a new data center, disaster recovery center, and call center will result in increased technology training for state IT employees, increased high-technology job opportunities around the Commonwealth, and subcontracting opportunities—many of which will be filled by SWAM vendors. The Initiative will focus on developing the new facilities in areas of the Commonwealth suffering from stagnant and slow economic growth. The result will be increased

employment economic development, plus additional direct and indirect injections of expenditures from the ensuing economic activity.

The Virginia Government Transformation Alliance is led by AMS, a Commonwealth-based company.¹ Four of the six key partners in the Alliance are based in Virginia. Two of these Virginia-based partners are SWAM vendors, with key roles in guiding the direction of this initiative. Additionally, the Alliance is proposing to provide sub-contracts to a number of SWAM vendors. AMS and Unisys have existing relationships with over 30 SWAM vendors as a result of the VITA award for Advanced Information Technology Services, and as the scope of this initiative is defined a portion of this work will be contracted with these SWAM partners.

The economic benefit, tax generation and subcontractor opportunities will depend on the final scope of the Initiative, which will be further identified in the detailed Phase II of the PPEA process.

5.2 Anticipated Public Support or Opposition

Identify any anticipated public support or opposition for the project.

Although the major focus of BMI is to improve the internal business practices and infrastructure of state government, we anticipate that the general public, the media, and IT and government focus groups will respond positively.

Through increased efficiency and technology innovation, the Commonwealth can provide the general public the nearly instantaneous transactions they expect.

In a world where virtual and instantaneous transactions dominate the private sector, citizens and businesses do not understand when government does not provide the same level of service. Whether interfacing with state government to renew a driver's license or obtain a business permit, rarely do citizens and business owners think about the facilitating technology and business practices. What members of the general public care about is getting what they need in a timely and cost-effective manner.

Unfortunately, Virginia's aging, disparate and non-integrated systems sometimes fail to meet these high expectations. As the name of the Initiative conveys, the goal of the program is to modernize the business practices and enabling technology of the Commonwealth. The resulting technology infrastructure improvements and customer relationship management solution will provide the foundation for enhanced government-to-citizen and government-to-business services that meet taxpayer expectations. We, therefore, do not expect opposition but rather support by the informed public.

The comprehensive nature of the BMI may draw attention from the technology-based media. While information system and infrastructure consolidation is pervasive throughout the private sector, the public sector lags behind these trends. Those government entities with reforms underway remain in the technology media's eye as they work towards improved business and technology solutions, and the media commends them for leading the pack. Virginia will be

¹ All references to "AMS" in this proposal refer to American Management Systems, Incorporated, a Delaware corporation which is a wholly-owned subsidiary of CGI Group, Inc.

no different, and may perhaps attract more attention because of the breadth of the program.

Furthermore, we anticipate support from government organizations focused on innovation and efficiency. Already the National Association of State CIOs has focused positive attention on the formation of VITA. Combine this with the interests of the National Association of State Comptrollers and the National Association of State Budget Officers on enterprise financial systems, and Virginia can expect national support from these organizations as they view Virginia as a model state for achieving cost efficient, fiscally sound business practice improvements through enabling technology.

We also expect that analysts and financial organizations that review and are dependent on the Commonwealth's strong financial standing will support the Initiative. It demonstrates the Commonwealth's objective to retain its sound fiscal structure and to further develop its management practices to meet 21st century challenges.

The only public opposition anticipated is likely from competitors, especially by firms proposing to displace government employees and dismantle the Commonwealth's self-sufficient operations through outsourcing, or those firms who may advocate continuing the current non-integrated strategies for the business systems of the Commonwealth.

5.3 Anticipated Government Support or Opposition

Identify any anticipated government support or opposition, for the project.

The Alliance has combined industry expertise with the Commonwealth's established goals and oversight committee recommendations to design the Initiative. Based on the strong alignment of the BMI objectives with previous government recommendations, reports, and initiatives, we expect generally strong support from the Legislature, the Governor and executive branch management, and local government. Any limited opposition or concerns from employees and oversight agencies are factors that should be mitigated through the design of our Alliance and the BMI generally.

Given the pressing fiscal issues facing the Commonwealth and the demands of citizens and business for nearly instantaneous service, Virginia can no longer delay making these investments in its business processes. This was recognized by both Governor Warner and the General Assembly during the 2003 General Assembly session with the formation of VITA and the amendments to the Public Private Education Facilities and Infrastructure Act of 2002 (PPEA) to include technology projects. There is a sense of urgency to complete many of these established goals.

The Initiative is also sensitive to many of the issues raised by members of the General Assembly while debating the VITA legislation. It is not our goal to replace VITA, nor do we propose to eliminate employee positions by outsourcing already efficient governmental business processes. Instead, we will implement a strategy that takes the best that the private sector has to offer and uses it to advance the success of VITA and treat government employees as valuable

The Virginia Business Modernization Initiative combines the business and technology objectives identified by the executive branch, the Legislature, and oversight bodies.

knowledge workers and government assets. Because of this orientation, we expect the BMI to receive broad government support.

Support can also be expected from local government and higher education because their business systems interface with those used by the state. While the implementation of new Commonwealth administrative systems will necessitate some changes to the processes now used, we believe that as the benefits accrue, local governments and higher education will welcome the changes. The improved administrative systems could lead to faster financial transactions; since many local governments rely on state aid or state payments for their budgets, the BMI may have a tangible impact on local governments' cash flow and their ability to meet administrative obligations.

Additionally, we are positioned well to work with local governments: Alliance members have established relationships with some of the largest localities around the Commonwealth by supporting and implementing their technology infrastructure and ERP systems. This Initiative proposes to provide a source of managed business systems that will be available to all of the public sector and educational institutions in the Commonwealth. These solutions would be an optional strategy for a college, university or local government to select a long-term lower cost approach to managing their business needs. This offering should be very attractive to all of these constituents.

The most likely government opposition will be from employees concerned with further change in the Commonwealth's IT programs; therefore, the BMI will include ongoing change management, training, and agency/employee communication. Any initial opposition should decline as employees recognize that they will benefit personally and professionally from the Initiative. By participating in the program, employees will receive job training and new career experiences. All state employees will benefit from the improved access to personnel and human resource services and additional employee self-service applications. We note that government employees have ultimately offered strong support for similar engagements in other states. For example, Pennsylvania's Data PowerHouse Project (an effort that is comparable to BMI) has received overwhelming support. This project is achieving tangible cost savings, faster access to the latest technology, improved disaster recovery capabilities, and a solid return on investment. According to Curt Haines, the manager of the Data PowerHouse Project:

"I've heard from numerous technology managers within state agencies who tell me how this project has freed them from having to worry about overseeing their own data center. Now they can focus on the development of software applications that directly benefit their customers."²

Others who could oppose the Initiative are government oversight groups. Based on the failure rate for large initiatives and the level of spending on administrative systems and over the past nine years, as highlighted by the recent JLARC report

² PA Data PowerHouse Project Nomination form for the NASCIO State Planning & Management Initiatives (including Outsourcing), <http://www.nascio.org/scoring/files/2001Pennsylvania9.doc>

on technology projects, these groups may have concerns about project management, planning, and execution. While such groups have the responsibility of identifying risks, we note that their potential concerns should be mitigated by AMS's history as the only business partner in the Commonwealth with a proven track record for successfully managing large programs with alternative funding. In addition to AMS's successful management of eVA at the Department of General Services and the Partnership Project at the Department of Taxation, the Alliance collectively has impressive experience with alternative funding projects and large-scale initiatives across the United States. The Alliance welcomes the feedback of these oversight groups and is prepared to work with them to develop the best practices required for this initiative.

5.4 Communication Strategy and Plan

Explain the strategy and plan that will be carried out to involve and inform the general public, business community, local governments, and governmental agencies in areas affected by the project.

Continual communication to stakeholders will remain a priority throughout the lifecycle of the Business Modernization Initiative.

The BMI Marketing and Communications team is well versed in the communications skills required for this initiative. In addition to programs such as the Virginia Tax Project and the Pennsylvania Powerhouse Project, team members have played an integral role in the federal government-wide E-Gov Initiatives to make government more efficient and effective, effect cost savings through consolidation and streamlining through best practices, and improve delivery of citizen services.

BMI team members have been a key part of the planning, design, and implementation of all communications activities of the GSA E-Gov Initiatives Program Management Office and its five individual E-Gov initiatives. These government-wide initiatives involve change management in all federal government agencies and have required the expertise of top internal communications specialists. In addition, some of the initiatives are citizen facing, requiring an effective external communications strategy as well. The BMI initiative is similar to the federal E-Gov Initiatives in the government-wide scope and nature of the change involved.

The human aspects of a change initiative cannot be ignored, and change readiness will vary. It is vital to respond to and alleviate staff concerns that develop in the course of a move to consolidation and shared services. We note that in broad-scale government change initiatives, one of the most important success factors has been change management in terms of effective persuasion communication. Without persuasion communication, negative concerns of internal stakeholders can solidify into active opposition rather than adoption and use.

Fundamentally, all audiences must be moved by appropriate communication and involvement through the stages of awareness, understanding, buy-in, adoption—and in key cases, agency sponsorship. Exhibit 5-1 shows a mix of tactics that we have found effective in change adoption, and a customized set of these would be used in a communications plan for BMI.

Exhibit 5-1 Communications Activities to Support Change Adoption

Stages of Change Adoption	Communications Activities
Awareness and understanding	Familiarization through regular information flow; meetings, e-mails, print, earned and/or paid media
Buy-in	Persuasion through personal meetings, meetings, demonstrations, training, continuing information flow
Adoption and use	Training and support, continued information support
Sponsorship	Inclusion and deep involvement in planning, information sharing, development of ownership

The BMI communications team will develop a detailed communications strategy and plan to inform and involve the general public, business community, local governments, and governmental agencies. The communications team will be seated in the Program Management Office in order to be closely aware of Initiative progress and involved in shaping all messages issuing from that office. Our team will comprise specialists familiar with and experienced in communication involving the specialized and technical processes involved—such as business process re-engineering, delivery milestones, project benefits, and the necessary metrics—to audiences not necessarily versed in the specialties. Exhibit 5-2 shows the stages of the communications planning process we will use.

Exhibit 5-2 The Communications Planning Process

Stage	Description
Research	<p>The first stage is the research necessary to assess the audiences and the environment, and establish a baseline for measurement of success. Using in-depth personal interviews, phone surveys, focus groups, media audits, and the like, we will gather the information necessary for audience segmentation and environmental analysis. This segmentation and environmental assessment will provide the basis for the message development and delivery phases of the communications plan.</p> <p>The types and frequency of the messages, as well as the message delivery vehicles, will vary with the specific objectives and the degree of initial buy-in of each of the internal and external audiences. Just as in the federal E-Gov Initiatives, audiences will vary dramatically in their levels of acceptance of the change and will require a variety of specialized strategies and tactics. Our professionals will take the research results and craft targeted messages to each audience.</p>
Communications Plan Development	<p>The written communications plan will include strategies and messages for each internal and external audience, tactics and techniques for message delivery, challenges and mitigations, specific deliverables, and timeline integrated with project milestones.</p> <p>The communications team will also provide a strategic and tactical matrix that will allow at-a-glance assessment of the strategies, tactics, and timeline for each audience, as well as possible challenges and mitigations. This type of matrix has proved invaluable in the communications planning and implementation for the complex GSA E-Gov Initiatives. It enables all those involved in the initiative to be aware of and stay on message, to understand the specific needs of each audience, and to assure themselves that the communication, change management, and general project implementation are moving in concert.</p>

Implementation	Successful implementation of a complex communications effort requires constant monitoring and coordination with Program activities. The communications operation will be housed with the PMO and will participate actively in planning and status discussions to retain close integration with the Program. The communications team will be available for rapid response to specific needs of the Program or specific projects, including crafting presentations and responses that effectively deliver the project messages.
Measurement	Metrics will be developed in order to measure success and allow us to refine tactics as necessary. Both subjective and objective measurements will be used in order to provide a clear and quantifiable scoring process: beyond meeting milestone deadlines, we will measure key audiences' feedback, stakeholder response, and message effectiveness/degrees of acceptance. Dashboards and scorecards may be developed as measuring tools.
Message Refinement	As the project evolves, messages to each audience will be adapted to the changing environment and stage of the project. Regular review of message penetration will guide the team in maintaining a high level of effectiveness.

5.5 Program Compatibility with Economic Development Efforts

Describe the compatibility of the project with local, regional, and state economic development efforts.

The staffing needs and facilities development will benefit areas of the Commonwealth in need of growth and economic activity.

The Initiative is compatible with many economic development goals of the Commonwealth at state, regional, and local levels. Governor Warner has repeatedly pointed out the importance of the economic development of Virginia's technology industry. This focus is illustrated in Virginia's strategic plan for technology *The Global Digital Economy* and the strategic plan for economic development *One Virginia, One Future*.³ While parts of these plans focus on the recruitment of technology companies, they also recognize the role that state government plays in supporting the growth of technology and the important role of technology in fostering a growing economy.

Exhibit 5-3 summarizes stated economic development initiatives and priorities of the Commonwealth with which the BMI is compatible or complements.

³ *The Global Digital Economy and the Bold Dominion: Commonwealth of Virginia Strategic Plan for Technology, 2002-2006; One Virginia, One Future. 2002.*

Exhibit 5-3 The BMI Supports Virginia's Economic Development Goals

Stated Goals for Virginia Pertinent to the Business Modernization Project

Ensure all of Virginia shares in the growth and success of our participation in the global market of the future

Help develop Virginia as a major entity in the global economic marketplace of the future

Promote technology-based economic development in Virginia by "growing" technology companies

Increase the economic activity of Virginia's businesses

Support technology businesses and other emerging and developing sectors of the economy, which are of critical importance to the Commonwealth's global competitiveness

Concentrate economic development efforts on the areas of greatest need to help reduce economic disparity and increase the prosperity of all Virginians

Maintain and utilize Virginia's strong business climate to create new economic opportunities for all Virginians in an internationally competitive environment:

- Expand traditional economic development measures to reflect the state's performance in small business, high-wage and high-growth industries and in per capita income growth
 - Prioritize incentives by favoring new jobs that exceed the prevailing local average wage
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Provide effective workforce training programs to create and maintain a competitive 21st century workforce in Virginia

Increase employment with new, quality jobs

Sources: The Global Digital Economy and the Bold Dominion: Commonwealth of Virginia Strategic Plan for Technology, 2002-2006; One Virginia, One Future, 2002.

In today's competitive environment for new jobs and investments, having state of the art technology and business practices is no longer a luxury, it is a necessity—much the same way water and sewer services have been to businesses in the past. Investments in these areas by state governments demonstrate their commitment to integrating modern practices and technology into all facets of its operations—a demonstration that is not lost on businesses making location decisions. Few companies want to locate in states with antiquated business systems, because of the inefficiencies they create. For example, if companies cannot timely obtain permits, receive tax refunds, or receive payments if doing business with the state, they experience financial impacts on their bottom line. All states claim to have a pro-business climate, but only a few can deliver—and those are the ones in which businesses will expand and prosper. The infrastructure, enterprise data architecture, and enterprise application architecture implemented through the Virginia Business Initiative will position Virginia so that well-leveraged technology can deliver services that encourage companies to locate in or do business with the Commonwealth.

The Commonwealth's strategic plans also declare the imperative to foster economic prosperity for all Virginians, not just those in urban areas of the state. In accordance with this mission, we have designed the BMI to bring IT jobs to traditionally under-invested areas of the state. This effort will not only generate immediate employment opportunities, it will also help train the existing workforce so that other complementary activities can be attracted to the region.

Additionally, all areas of the state affected by the Initiative will experience an economic multiplier effect. The steady stream of employment and resources dedicated the program will indirectly enhance the economic activity in the surrounding areas, especially in the areas of lodging, dining, and entertainment.

5.6 Program Compatibility with Commonwealth's Plans and Budget

Describe the compatibility with the Commonwealth's infrastructure development plans, capital improvements budget and annual budget

The Commonwealth will finally realize the much-needed consolidation of business services and technology.

The BMI program complements numerous state priorities for information technology and the improvement of its enterprise functions. In fact, the consolidation and enhanced oversight of technology services was a major part of Governor Warner's 2003 Reform Agenda. In announcing his plans in this area, Governor Warner noted that

“By definition, technology is a fast-changing enterprise, and its use by an enterprise as large as state government must always be reformed. When I took office, I challenged all of our agencies to fully integrate technology into the way we do business, both to serve our citizens better and to save money.”

Governor Warner's plan to consolidate technology functions was about more than changing the name on the door. It was about using technology to change the way government does business to achieve increased accountability, improved efficiency, long-term cost savings, and increased training opportunities in technology for state IT employees. One such goal—to overhaul state administrative systems—has been overshadowed by other technology reforms. The Initiative will revive and accomplish this goal for the Commonwealth.

Additionally, as an interwoven engagement that combines multiple statewide initiatives and goals, the BMI will allow the Commonwealth to achieve its desired end state at a much lower overall cost than if done in piecemeal. However, regardless of cost, by partnering with the Alliance, the Commonwealth will also be positioned to execute the numerous projects that compose the Initiative and achieve many of its strategic goals. Exhibit 5-4 highlights some of the initiatives and priorities that the BMI program will assume and/or complements.

Exhibit 5-4 The BMI Complements State Government Strategic Goals

Stated Strategic Goals Pertinent to the Business Modernization Initiative

Maintain AAA Bond rating
Successfully establish VITA and transition agencies
Upgrade and enhance current business infrastructure systems to make them fault tolerant
Overhaul state administrative systems in the area of finance, planning and budgeting, and human resources
Provide a uniform system of accounting, financial reporting, and internal control adequate to protect and account for the Commonwealth's financial resources
Consolidate the Commonwealth's IT Infrastructure
Improve and increase training for Commonwealth IT employees
Develop, implement, and enforce a program for statewide IT security
Improve systems to track IT expenditures
Balance VITA's costs/revenues
Increase efficiency for all state agencies and institutions in the production of information needed to produce the Comptroller's Annual Financial Report
Provide State-of-the-Art Financial Management
Make better use of technology so that the Department of Planning and Budget relies less on producing and receiving paper
Plan, Budget, and Track IT Expenditures
Expand the use of the Internet as a delivery mechanism for additional accounting and reporting transactions
Increase quantity, quality, and adoption of online services
Identify and obtain necessary enterprise solutions such as a content management system, search engine, web-based security training, security assessments, live online customer service, and privacy compliance

Sources: Governor Warner news release, 9/26/03; *VITA Operating Plan*, August 2003; *The Global Digital Economy and the Bold Dominion: Commonwealth of Virginia Strategic Plan for Technology, 2002-2006*; *2002-2004 Information Technology Strategic Plan*.

Finally, the Initiative will improve the budgetary process. As stated in Chapter 900 of the Code of Virginia, the Department of Planning and Budget must formulate an executive budget with the following additional duties:

“Development, coordination and implementation of a performance management system involving strategic planning, performance measurement, evaluation, and performance budgeting within state government. The Department shall ensure that information generated from these processes is useful for managing and improving the efficiency and effectiveness of state government operations, and is available to citizens and public officials.”

The BMI will not just help meet these goals—it will optimize the processes to support an efficient and effective budget process.

5.7 Conclusion

There is little doubt that Virginia, like many states, must confront continuing fiscal constraints in the next few years. At the same time, citizen expectations of government are high; as better service is offered, more is expected. Virginia must increase efficiency, effectiveness, and productivity with limited resources—fundamentally, this is an imperative to innovate.

It is also plain that among its peers, Virginia is a leader in recognizing that application of advanced technology to government operations is one way to improve results for citizens. At the same time, the Commonwealth has recognized the work remaining to be done in the technology arena. Creating the Virginia Information Technologies Agency (VITA) has been a tremendous step towards achieving significant fiscal benefits from consolidating technology resources and providing centralized services. Yet there is much more that should be achieved—according to one analysis, all the basic business practices of the Commonwealth could be improved to save \$750M annually with improved practices and technology.⁴

In this proposal, the Virginia Government Transformation Alliance presents a means to run the government's business more effectively and at lower cost. We suggest an opportunity to transform Commonwealth operations by modernizing the administrative business processes and enterprise IT infrastructure, thus supporting superior enterprise resource management and improved government performance. This transformation would be enabled by carefully managed investments in industry-standard business applications technology and by adopting new operational models in the support and operation of the enabling systems. We believe that there is enough cost efficiency to be gained that this program could pay for itself over ten years, while offering the Commonwealth hundreds of millions of dollars in savings above the cost of the program.

We recognize that this is a big vision—but it is an achievable and practical one, using the applications and infrastructure tools for enterprise modernization that are now available. Supported by technology, the Business Modernization Initiative is a pragmatic solution to an urgent problem to improve Virginia's business practices—with better stewardship of the public's funds and superior constituent service.

⁴ *Final Report*, The Governor's Commission on Efficiency and Effectiveness, December 2002.